

PRI CONSULTATION RESPONSE

**Australian Treasury: Strengthening the
superannuation performance test**

June 19, 2026

An investor initiative in partnership with
UNEP Finance Initiative and UN Global Compact



About this consultation

The Australian Treasury is seeking feedback on [options to strengthen the superannuation performance test](#). The focus is on removing any unintended barriers to investment while ensuring the test remains fit for purpose and supports strong member outcomes.

Strengthening the test is a key outcome of the Government's 2025 Economic Reform Roundtable. This reflects the importance of superannuation supporting Australians in retirement and enabling efficient capital flows that support innovation, productivity and long-term economic growth.

The PRI is the leading organisation in advancing responsible investment globally. Set up with United Nations' support, our unique community contributes to stable financial markets and a more prosperous world for all. We bring together signatories, amplify their voices and provide resources and guidance for complex sustainability challenges. The six Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

The PRI develops policy analysis and recommendations based on signatory views and evidence-based policy research. The PRI welcomes the opportunity to respond to the Australian Treasury's consultation on strengthening the superannuation performance test.

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To inform this paper, the following group has been consulted: Australian RPRG and other PRI signatories.

While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

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Response

The PRI welcomes the Australian Treasury's efforts to improve the performance test to remove unintended barriers to investments and to ensure that the test is fit for purpose to deliver strong member outcomes. As a global association supporting institutional investors committed to responsible investment, the views and recommendations presented in this consultation submission reflect PRI's recent analysis on how governments can shape policies to support their economic transition objectives. We will therefore provide high-level and general feedback and encourage Treasury to refer to submissions from Australian local investor organisations to provide more detailed feedback on the draft guidance.

Superannuation funds are long-term investors and their ability to generate long-term returns relies on the performance of the markets and economies in which they invest. Because sustainability factors such as climate change and biodiversity loss threaten the performance of the markets and economies on which they rely for financial returns, superannuation funds should be supported in exercising their fiduciary duty to consider the impacts of sustainability-related risks on their ability to protect long-term value and provide an adequate pension to their members or beneficiaries.

Responsible investment strategies have the potential to enhance risk-adjusted returns and tackle drivers of system level sustainability-related risks, creating value and enhancing financial stability. Financial policies or regulations to drive economic transition will only reach their potential if they are connected to wider, whole of government policy reform that addresses economic externalities and builds markets for solutions.

The PRI's primary recommendation to Treasury is to **connect superannuation investment reform to broader enabling policies that support the investment of patient private capital in sectors driving the Australian government's economic transition**. Coordination across government departments and public bodies to create incentives, rules and frameworks that shape markets for the transition will help to determine risk-reward profiles for investment. In turn, this clarity would allow superannuation funds to better assess which transition investments can deliver for members under the Best Financial Interests Duty. The Australian Government could consider how to ensure better integration between financial, corporate and real economy policy frameworks (such as public finance and industrial strategy) so they function as one coherent capital mobilisation strategy. The PRI has formulated [similar messaging](#) to the UK government's Environmental Audit Committee [call for evidence](#) on the role of HM Treasury and economics in climate and nature.

While this response does not take a position on the proposed reform options 1, 2 and 4, it does offer support for reform 3, which proposes a routine review of the benchmark to ensure that it is fit for purpose and reflects structural changes in the market. Future reviews could also consider taking a broader lens on the effectiveness and efficiency of the performance test, as appropriate. A recent example is provided by the Financial Conduct Authority in the UK who has consulted the market on its [Value for Money assessment](#) to drive a genuine focus on long-term value generation. The PRI intends to work closely with signatories, stakeholders and researchers to gather insights in support of the UK's pension reforms and would be pleased to share relevant findings with the Australian Treasury at that time.

The PRI has experience contributing to public policy on sustainable finance and responsible investment across multiple markets and stands ready to support the Australian government's work to improve its sustainable finance policy framework.

Please send any questions or comments to policy@unpri.org.

More information on www.unpri.org.